

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES**

**Call to Order:** By **CHAIRMAN DAVE LEWIS**, on January 22, 2001 at 8:00 A.M., in Room 152 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dave Lewis, Chairman (R)  
Sen. John Cobb, Vice Chairman (R)  
Rep. Edith Clark (R)  
Rep. Joey Jayne (D)  
Sen. Bob Keenan (R)  
Sen. Mignon Waterman (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Robert V. Andersen, OBPP  
Pat Gervais, Legislative Branch  
Lois Steinbeck, Legislative Branch  
Sydney Taber, Committee Secretary  
Connie Welsh, OBPP

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Public Testimony on Mental Health Services; Overview of Disabilities Division, 1/22/01  
Executive Action: Executive Action on the Addiction Prevention Program

#### **PUBLIC TESTIMONY ON MENTAL HEALTH SERVICES**

***{Tape : 1; Side : A; Approx. Time Counter : 0.3-7.3}***

**Kathy McGowan, Montana Council of Mental Health Centers**, read her written testimony on the mental health centers. She stressed that Montana providers are an infrastructure in place for mental health care and that they want stability in the system to be able to invest precious resources wisely. A swift move to gatekeeping

at the community level would eliminate the crisis and the need for cuts.

**{Tape : 1; Side : A; Approx. Time Counter : 7.4-9.9}**

In response to questions from **SEN. KEENAN**, **Ms. McGowan** said that part of the solution to the short term problem would be controls on the judicial branch and local control in terms of redirecting people to the Program for Assertive Community Teams (PACT) teams and local hospitals. Funds for community mental health centers to contract with local hospitals and other local providers would help keep people in the community. These changes would require planning by the oversight committee, the judiciary, and law enforcement. She stressed that if local people are not involved in the process, they won't cooperate. She mentioned the issue of using the wing of the facility in Lewistown for a crisis center which was proposed by the sheriff's at an oversight meeting, but they have still not heard back on that.

**{Tape : 1; Side : A; Approx. Time Counter : 9.9-11.1}**

In response to **REP. JAYNE**, **Ms. McGowan** stated that Managing Resources Montana (MRM) was a program initiated to create community resources.

**{Tape : 1; Side : A; Approx. Time Counter : 11.6-12.3}**

**Gail Gray, Director of the Department of Health and Human Resources**, commented that one of the strongest components of MRM was that entities other than human services putting money into that system, working as part of the total solution for children. By the time it was ended, it worked pretty well.

**{Tape : 1; Side : A; Approx. Time Counter : 12.4-15.0}**

**Ms. McGowan** responded to **CHAIRMAN LEWIS** that a risk sharing program would be a good step. Providers are in financially fragile circumstance after managed care and could not do full-blown risk. An incentive based system would make people a lot happier. **EXHIBIT (jhh17a01)**

**{Tape : 1; Side : A; Approx. Time Counter : 15.3}**

**Bob Olsen, Montana Hospital Association**, submitted testimony **EXHIBIT (jhh17a02)**. **Mr. Olsen** went over the data based on hospitals with psychiatric units from his presentation. His comments stressed that local hospitals have a different mind-set in the way they do business when Medicaid and Medicare are not a driving factor. Their resolution to stay in business requires a different structure to services and economy in those services. The state of Montana pays for only a portion of what goes on in acute care units of local hospitals; Medicaid is about 20% of the payer mix that a local hospital generally faces when it comes to inpatient psychiatric care.

**Mr. Olsen** stated that having a policy of moving people from the state hospital into local hospitals, but not reimbursing for the service is impractical. He remarked that the Montana State Hospital plays a fundamental role in the communities near the hospital, and that it is the local psychiatric provider for those communities. He further suggested that it is not practical or economical for communities near Montana State Hospital to send people to Missoula or Billings when Warm Springs is so close. The resolution of the problem has to deal with local psychiatric needs; and duplication of psychiatric services in local hospitals does not make economic sense.

**{Tape : 1; Side : A; Approx. Time Counter : 28.4-37.8}**

**Mr. Olsen** responded to a question from **CHAIRMAN LEWIS**, that it is probable that those who need specialized services move where those services are available, and that it is impractical for these specialized and expensive services to be available in every community.

**Mr. Olsen** said that hospitals are pleased that the Department and state are coming back to the idea of regionalized care with local networks that are locally financed, incorporating risk sharing and requiring local providers to get together to develop appropriate care for people needing these services.

**Mr. Olsen** stressed that the state needs to decide what it wants to do with the people on whom the most money is spent, how it wants to approach care for them, and stay with it for a period of time. This is the avenue for saving money over time.

**{Tape : 1; Side : A; Approx. Time Counter : 37.9}**

**Mona Jameson, Shodair Children's Hospital**, read her written statement **EXHIBIT(jhh17a03)**. She advocated support for the Department's budget request for adequate funding to deliver mental health services. She explained that recruitment and retention of psychiatrists is difficult because of the instability of the mental health program funding.

**{Tape : 1; Side : B; Approx. Time Counter : 0.2-6.1}**

**Ms. Jamison** further stated that Shodair is willing to take the children currently placed out-of-state and is willing to invest in leasehold improvements and enter into a contract with the Department for residential children that are placed out of the state. It would divert patients to in-state facilities at a lower cost than the out-of-state facilities, but there would need to be negotiation for the special needs children beyond the present rate of reimbursement. Shodair is opposed to returning to a system similar to the MRM system, which did little to control costs. Innovative care management is key to controlling

costs. **Ms. Jamison** handed out Shodair's alternative plan for the present mental health contract **EXHIBIT(jhh17a04)**.

**{Tape : 1; Side : B; Approx. Time Counter : 6.5-12.1}**

**James Lamb**, parent of two adult sons in the mental health services spoke on his family's experience in the program. He senses that mental health services does not want family involvement. He commented that he was barred from going into a PACT team meeting in November, and was told by the county attorney that he should not have been. One of his sons complains that he is able to work and would like to, but that at Warm Springs there is nothing to do. He stressed that it is good that there is so much money in mental health services, but wants the recognition for the need for family involvement in care plans.

**{Tape : 1; Side : B; Approx. Time Counter : 12.2-24.4}**

**Jim Parker, Director for Children's Services in Cook County for Western Montana Mental Health Center**, spoke on the proposed elimination of case management services for mental health service plan members. **Mr. Parker** spoke to some of the successes of the MRM program and gave some background on the gatekeeping ideas that providers had been involved with in the 1993 legislative session. Gatekeeping is a method of identifying children and developing individual treatment plans involving all those who will be involved in the treatment of the children, including the parents.

**Mr. Parker** emphasized the good sense of regional provider networks diverting children from high end care to community services and managing only the most acute cases at hospitals. It was demonstrated that there were significant cost savings during the managed care years. In the western regions, cost savings were reinvested into a variety of efforts such as case management services, school-based mental health programs were developed and respite services. These ideas merit reconsideration, as opposed to line item elimination of services.

**{Tape : 1; Side : B; Approx. Time Counter : 25.8}**

**Dr. Debra Sanchez**, a clinical psychologist working in Helena, remarked that two years ago many health care providers had urged the Committee to terminate the state's contract with Magellan and return to the fee-for-service system. She then read her prepared testimony **EXHIBIT(jhh17a05)** and asked that the Legislature fully fund the budget request for mental health services and stressed the need for a comprehensive plan rather than the current piecemeal system. She urged the Committee to adopt the recommendations of the TAC report.

**{Tape : 1; Side : B; Approx. Time Counter : 29.1-33.8}**

**Colleen Murphy, Executive Director of the Montana Chapter National Association of Social Workers**, expressed concerned about the current situation in the state. She recommended creating revenue through a cigarette sales tax, maximization of federal funds, and more creative thinking in finding revenue sources as well as a more judicious prioritization for the use of revenue. The Association is willing to assist the Committee in looking at potential revenues to fund social services. The association would be happy to work with Committee members in finding creative solutions to the problem.

**{Tape : 1; Side : B; Approx. Time Counter : 34-40.4}**

**Sandra Mahellish**, mental health oversight committee, spoke about her concerns that the funding for the family-to-family education program will be cut. **Ms. Mahellish** requested that the Department keep education funding in the budget. The program trains teachers to educate families on mental illness. NOMI Montana also has the opportunity to bring in a provider education course, a class that will be offered to front-line people who treat people with serious mental illness. A consumer education course is another program that it would like funding for as well.

**{Tape : 1; Side : B; Approx. Time Counter : 41-48}**

**Kristi Blazer, Children's Comprehensive Services (CCS)**, spoke on partial hospitalization for children and the impact of Medicaid rate reductions **EXHIBIT(jhh17a06)**. As a result, satellite facilities will possibly close, people will lose jobs, and families will lose services. **Ms. Blazer** stressed that rates must be reasonably calculated on cost. CCS will not be able to continue with this reduced funding.

**{Tape : 2; Side : A; Approx. Time Counter : .3-1.1}**

**Ms. Blazer** continued that the partial hospitalization allows children to be treated in the community. Cuts based on budgetary factors are shortsighted, and CCS would like the Committee and Department to reconsider.

**{Tape : 2; Side : A; Approx. Time Counter : 1.3-3.3}**

**CHAIRMAN LEWIS** asked **Ms. Mahellish** what the impact the budget cuts of 50% in Governor Martz's budget would have on her outreach program. **Ms. Mahellish** responded that the funding cut would allow NOMI Montana to do what it is currently doing and make one of the expansions in its program, but not all of the expansions. **SEN. WATERMAN** commented that the programs have been instrumental in keeping individuals out of high-end services in other states.

**{Tape : 2; Side : A; Approx. Time Counter : 3.4}**

**Kathleen Driscoll**, a mother of severely disabled children spoke for the necessity of the NOMI programs to educate providers.

**{Tape : 2; Side : A; Approx. Time Counter : 8.0-12.0}**

**Brian Garrity**, read his written testimony, which stressed that the state needs a long term, big picture view in the search for avenues of revenue enhancement for in-patient community hospitals **EXHIBIT(jhh17a07)**.

**{Tape : 2; Side : A; Approx. Time Counter : 12.8-20}**

**Janelle MacFadden**, a member of various mental health advisory committees, remarked that education program is grossly underfunded. Family-to-family is a program that works well and provides real information on mental illness and how to handle it. She stressed the importance of the education program particularly in rural areas. She commented on MRM and said that it worked very well in Great Falls and recommended that the Committee work to implement a regional system with gatekeeping and locally developed programs.

**{Tape : 2; Side : A; Approx. Time Counter : 20.2-29.2}**

**Jim Smith, Montana Sheriff's and Peace Officers Association**, conveyed concerns that the Committee and Department would study and analyze for a few more years. The human cost and family anguish are too great, and the association urges rapid movement on the issue. It also supports a gatekeeping system for both adults and children. **Mr. Smith** expressed concerns about the Technical Assistance Collaborative (TAC) recommendation to go back to a regional system after all the problems that moving away from that system had created.

#### **DISCUSSION ON DECISION PACKAGES**

#### **DISCUSSION:**

**{Tape : 2; Side : A; Approx. Time Counter : 30.7-48.5}**

**Lois Steinbeck, Legislative Fiscal Division**, handed out tables on Addiction Treatment and Prevention **EXHIBIT(jhh17a08)** **EXHIBIT(jhh17a09)** **EXHIBIT(jhh17a10)**.

**SEN. WATERMAN** requested a review of the items in chemical dependency which were cut from Governor Martz's budget. **Ms. Welsh** commented that there were two changes, a reduction in a provider rate increase for indigent youth and a new decision package, DP 888, a funding switch that reduces some general fund and backfills with alcohol tax funds and federal funds.

**Dan Anderson, Addictive and Mental Disorders Division**, explained that the 15% reduction in the budget was cutting the earmarked alcohol tax that goes to Montana Chemical Dependency program in Butte, and replacing it with federal block grant funds. The

impact would be \$1 million and would reduce the Department's ability to contract out to the community.

**Ms. Steinbeck** said that this reduction would not amount to a reduction because the alcohol tax would stay in the alcohol fund and would be redistributed to counties. It would reduce the Department's ability to contract, but counties would receive the funds back.

In response to questions from **SEN. WATERMAN**, **Ms. Steinbeck** responded that if the Department maintains a \$1 million distribution from the state special revenue account, there is an additional \$507,000 in FY00 and \$730,000 in FY03. Governor Martz's budget requested that the Committee put that money in the mental health services program and reduce general fund.

*{Tape : 2; Side : B; Approx. Time Counter : 2-13.5}*

In further discussion, **Mr. Anderson** said that he had no problem with earmarking alcohol tax money for services for the dually diagnosed or people with co-occurring disorders. The Department has discussed creating a new provider type co-occurring disorders providers. **SEN. WATERMAN** asked if in the refinancing package DP 117 there was any portion of that money that could be required to be for co-existing mental illnesses. **Mr. Anderson** remarked that this would be entering into the Medicaid realm, and that it would be problematic to tie Medicaid money to specific people. **SEN. WATERMAN** suggested one service that takes care of both illnesses in one person; there need to be incentives to treating those illnesses together and the eligibility poverty level barriers need to be addressed. **SEN. WATERMAN** proposed that if an individual qualifies for either of the poverty levels for illness then that should qualify the individual for co-existing condition treatment as well.

*{Tape : 2; Side : B; Approx. Time Counter : 13.5-18}*

In general discussion over this issue, **Ms. Steinbeck** explained that this is 100% state funds and the factors that the Committee would need to consider would be equal protection and contracting in accordance with state law. Adding service codes in a fee for service system could guarantee that the Department would be in trouble with funding once again. The Committee may wish to condition the money and contract for services.

*{Tape : 2; Side : B; Approx. Time Counter : 22-26.5}*

In response to questions from **REP. JAYNE** regarding the move to offset general funds with alcohol state special revenue and the mental health block grant increase, **Ms. Welsh** explained that the Executive was looking for ways to reduce expenditures in order to absorb the additional cost for the supplemental in the 2003

biennium and mitigate the ending general fund balance. The Department could use the \$1.2 million of alcohol tax funds, maintain the level of historic transfer to the counties, fund mental health services with the alcohol tax funds, and reduce the amount of general fund impact out through the 2003 biennium. The funding change for the chemical dependency position was an item identified during development of Governor Martz's budget addendum, and the Executive saw an opportunity to fund the position a little differently and save general fund.

**{Tape : 2; Side : B; Approx. Time Counter : 27.2}**

**CHAIRMAN LEWIS** requested the Department and staff to work on the proposal as articulated.

**EXECUTIVE ACTION FOR ADDICTION PREVENTION AND TREATMENT**

**{Tape : 2; Side : B; Approx. Time Counter : 32.1-43.7}**

**Motion/Vote:** REP. CLARK moved TO ADOPT THE BASE LEVEL OF FUNDING PLUS STATEWIDE PRESENT LAW ADJUSTMENTS (TO INCLUDE DP 699 - ADDED VACANCY SAVINGS) FOR THE ADDICTION TREATMENT AND PREVENTION PROGRAM. Motion carried unanimously.

In response to questions regarding DP 3, **Ms. Steinbeck** explained that it was to annualize the provider rate increase authorized by the last legislature for FY01. The base is based on expenditures in 2000, and this is an incremental 1% on top of the base approved by the Committee in 2001.

**{Tape : 2; Side : B; Approx. Time Counter : 43.8-48.4}**

**Motion/Vote:** REP. CLARK moved TO ADOPT DP 3 FOR THE ADDICTION PREVENTION AND TREATMENT PROGRAM. Motion carried unanimously.

**Ms. Steinbeck** went over changes requested by the Department: the proposed elimination of DP 27 and adjustment of DP 29. If the Committee accepted this change, it would take no action on DP 27, and when it takes action on DP 29, the changes would be inserted.

**{Tape : 3; Side : A; Approx. Time Counter : 0.2-.5}**

**Motion/Vote:** SEN. WATERMAN moved TO ADOPT DP 28, MCDC HOLIDAY, DIFFERENTIAL, AND OVERTIME FOR THE ADDICTION PREVENTION AND TREATMENT DIVISION. Motion carried unanimously.

**{Tape : 3; Side : A; Approx. Time Counter : 0.7-1}**

**Motion/Vote:** SEN. WATERMAN moved TO ADOPT AMENDED DP 29, MCDC RENT INFLATION FY02 AND FY03. Motion carried unanimously.

**{Tape : 3; Side : A; Approx. Time Counter : 1.6}**



In discussion over the alcohol prevention program for youth, **Mr. Anderson** said that the Department had transferred the program to the Department of Justice. It is no longer in the base.

*{Tape : 3; Side : A; Approx. Time Counter : 5.1}*

**Motion/Vote:** REP. CLARK moved TO ADOPT DP 992, DISCONTINUATION OF THE UNDERAGE DRINKING GRANT IN THE BASE. Motion carried unanimously.

Discussion over the \$700,000 increase in the substance abuse block grant lead **Ms. Steinbeck** to comment that, if the money were passed through communities, it would come close to offsetting the reduction for treatment in their 200% of poverty population.

**Ms. Steinbeck** responded to a question from **SEN. COBB** that the Committee could appropriate the money, and she would work with **Greg Petesch** and the Department to create language so that the Committee could mandate conditions on the Department's use of the funds. **Director Gray** commented that the Department intended the money to go to non-Medicaid youth. **Mr. Anderson** remarked that there is a federal requirement that 20% of the increase must go for prevention services not treatment services.

*{Tape : 3; Side : A; Approx. Time Counter : 10.5}*

**Motion/Vote:** SEN. COBB moved TO ADOPT DP 994, SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT. Motion carried unanimously.

*{Tape : 3; Side : A; Approx. Time Counter : 13.6}*

**Motion/Vote:** SEN. WATERMAN moved TO ADOPT DP 995, COMMUNITY INCENTIVE GRANT AS A ONE TIME ONLY. Motion carried unanimously.

*{Tape : 3; Side : A; Approx. Time Counter : 15.5}*

**SEN. WATERMAN** asked if the Committee could require a rebate in chemical dependency programs as is done in the Medicaid program for pharmacy. **Ms. Steinbeck** said that this is not a Medicaid eligible function, and the Committee cannot require it as a condition of participation in Medicaid. **Ms. Steinbeck** further added that she is unaware of any state programs not associated with the federal government which have been successful in doing this. **Mr. Anderson** said that he is also unaware of success in other states regarding rebates, and that the Department has a set contract for this program.

*{Tape : 3; Side : A; Approx. Time Counter : 18.4}*

**Motion/Vote:** SEN. WATERMAN moved TO ADOPT DP 997, MCDC PHARMACY COST INFLATION. Motion carried 5-1 with Cobb voting no.

*{Tape : 3; Side : A; Approx. Time Counter : 18-35.8}*

There was general discussion over DP 117 and whether the Department can use the alcohol tax to pay for services provided by for profit businesses. **Ms. Steinbeck** explained that it will require a statute change to do so. The Committee agreed to wait on DP 117.

**{Tape : 3; Side : A; Approx. Time Counter : 35.9}**

**Motion:** SEN. KEENAN moved TO ADOPT DP 138 THE INDIGENT YOUTH FUNDS.

**Bob Mullen, Addictive and Mental Disorders Operations Bureau,** explained that if DP 117 is approved the Committee does not need to approve DP 138.

**{Tape : 3; Side : A; Approx. Time Counter : 39.5}**

**Motion/Vote:** REP. LEWIS moved TO ADOPT DP 888, THE CHANGE OF FUNDING FOR A CD POSITION. Motion carried unanimously.

#### OVERVIEW OF DISABILITIES SERVICES

**{Tape : 3; Side : B; Approx. Time Counter : 4.2}**

**Joe Mathews, Administrator of the Disability Services Division,** introduced his staff:

Maggie Bullock, Program Director for Developmental Disabilities

Gail Briese-Zimmer, Budget Officer

Michelle Thibodeau, Bureau Chief for Disability Determination

Jeff Sturm, Superintendent of Montana Developmental Center

Sylvia Hammer, Superintendent of Eastmont Human Services

Deborah Swingley, Executive Director of the Developmental Disabilities Planning and Advisory Council

**Mr. Mathews** handed out an overview of Developmental Disabilities, **EXHIBIT (jhh17a11)**.

**{Tape : 3; Side : B; Approx. Time Counter : 8.7-12.9}**

It was agreed that the Division would go over the 15% reduction, and **Mr. Mathews** felt that the overview would clearly present the Division, its organization and responsibilities, and its needs.

**{Tape : 3; Side : B; Approx. Time Counter : 13.0-32.5}**

**Mr. Mathews** handed out updated information on the 15% budget reductions proposed for Disabilities Services Division **EXHIBIT (jhh17a12)**. He went over the separate programs and the process by which the Division developed its cuts as well as the impacts those cuts would have on services. He explained that in making its reduction decisions the Division chose to cut programs that would impact the fewest people and still provide the most dollars. Proposing cuts in general fund programs would allow the Section 10 program, which receives federal funding or match and provides the most services to the greatest numbers, to remain intact.

**Mr. Mathews** explained the plan to reduce the funding for the Vocational Rehabilitation program. The proposal includes a reduction in funding for the extended employment program and the Independent Living for the Older Blind program, and he went over the funding eliminations in:

- Montech Assistive Technology
- supported employment
- the migrant grant
- social security reimbursement funds
- visual services medical (VSM)
- general fund for parity among independent living centers

In response to questions from the Committee, **Mr. Mathews** went over the funding streams and federal match programs. He stressed that in making its reduction decisions the Division chose to cut programs that would impact the fewest people, yet provide the most money.

**{Tape : 3; Side : B; Approx. Time Counter : 32.5-36.9}**

**Mr. Mathews** stated that the Division proposes a 15% across the board cut for the Montana Developmental Center (MDC) and Eastmont Human Services Center (EHSC). Concerns regarding Medicaid certification and a certain staff to client ratio were discussed. **SEN. WATERMAN** and **SEN. COBB** commented on the possibility of closing one of the facilities and requested per client costs for the two facilities, capacity and number of patients, and all operational costs.

**{Tape : 3; Side : B; Approx. Time Counter : 37-40.6}**

The Division proposes a 15% reduction across the board for disability determination services as well. It is 100% federally funded, and its primary responsibility is adjudication for people applying for Social Security Disability (SSD) or Supplemental Security Income (SSI). The reduction would mean that fewer

claims would be adjudicated since there would be fewer staff members.

**{Tape : 3; Side : B; Approx. Time Counter : 40.7-42.1}**

Developmental Disabilities Planning and Advisory Council (DDPAC) is excluded from any reductions since they are protected by federal law from reductions.

**{Tape : 3; Side : B; Approx. Time Counter : 42.3-48.4}**

Division proposals for reductions in Developmental Disabilities (DD) include elimination of:

- case management

- the Glasgow office

- the Parents Let's Unite for Kids library contract

- the Montana adaptive equipment contract; and

reductions in benefits and state special revenue funding for the annual DDP conference are proposed. **Mr. Mathews** discussed the Division's concerns over the impact that these reductions would have and the waiting list for services and Olmstead.

**{Tape : 4; Side : A; Approx. Time Counter : 0.1}**

**CHAIRMAN LEWIS** asked if the Division would consider putting money that goes to case management, should providers take that service on, toward the waiting list. **Mr. Mathews** stressed the fragility of the DD systems and the lack of infrastructure with solid programs. Case management serves the function of helping people get through the system and receiving the services needed.

**{Tape : 4; Side : A; Approx. Time Counter : 3.1-31.7}**

**Mr. Mathews** went through his overview presented earlier. He explained the mission and went through the responsibilities of the program, what it offers people, and related problems that the Division has in recruiting providers. He explained some of the problems that providers have in recruiting and retaining direct personal care staff as a result of low provider rates and wages.

It was agreed that Mr. Mathews would continue with his presentation on January 23.

Information on addictive behaviors research **EXHIBIT(jhh17a13)** was submitted.

**ADJOURNMENT**

Adjournment: 11:50 A.M.

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REP. DAVE LEWIS, Chairman

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SYDNEY TABER, Secretary

DL/ST

**EXHIBIT** (jhh17aad)